

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO

UNITED STATES OF AMERICA,

**Plaintiff,**

**v.**

**Civil No. 12-2039 (FAB)**

COMMONWEALTH OF PUERTO RICO, *et*  
*al.*,

**Defendants.**

**ORDER**

On November 15, 2021, the Court issued an order to the Commonwealth of Puerto Rico (Commonwealth) and the Puerto Rico Police Bureau (PRPB) which indicated that "no later than December 17, 2021, the PRPB will produce to the Court, the Special Master, the Monitor, and DOJ, all documents in its possession which reflect in detail how the \$20,000,000 annual budget for the Police Reform Case was spent for fiscal years 2018, 2019, and 2020. Effective January 1, 2022, the PRPB shall submit a monthly report outlining in detail on what matter the allocated funds for the Police Reform Case have been spent for that month." (Docket No. 1890)

In response, on December 17, 2021, the Commonwealth and PRPB responded to the Court's order with budgetary information for fiscal years 2019, 2020, 2021 and 2022. (Docket No. 1912) The

Commonwealth and PRPB remain unsuccessful in locating budgetary documents for fiscal year 2018.

Upon review of the Police Reform Case expenditures supplied by the Commonwealth and PRPB, the Court noted that funds appear to have been spent for purchases appropriate for PRPB but which may have no apparent connection to the Police Reform Case. The Court directed the Office of the Special Master (OSM) to review the expenditures and provide its opinion about the Court's observation.

The OSM made the following observations and comments regarding expenditures that appear to have been made from the Police Reform budgets for Fiscal Years 2019, 2020 and 2021:

- The OSM recommended that the Court invite comments from the Monitor, the Commonwealth and PRPB, and DOJ on **\$5,127,555.15** in expended/disbursed funds and **\$627,351.88** in obligated funds, that appear to have no connection to the Police Reform Case for Fiscal Year 2019. Specific expenditures are listed in Attachment 1.

- The OSM recommended that the Court invite comments from the Monitor, the Commonwealth and PRPB, and DOJ on \$2,638,989.83 in expended/disbursed funds and \$1,887,724.55 in obligated funds, that appear to have no connection to the Police Reform Case for

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Fiscal Year 2020. Specific expenditures are listed in Attachment 2.

- The OSM recommended that the Court invite comments from the Monitor, the Commonwealth and PRPB, and DOJ on **\$2,793,152.13** in expended/disbursed funds and **\$421,790.65** in obligated funds, that appear to have no connection to the Police Reform Case for Fiscal Year 2021. Specific expenditures are listed in Attachment 3.

- In addition to the expenditures identified in the attachments, there were numerous expenses that may or may not have been related to the Reform which were not listed by the OSM. For example, when tasking the OSM, the Court noted significant expenditures for purchases of office equipment, information technology (IT), i.e. computers and laptops among other hardware purchases, virtual trainings, and instructor fees. In tasking the OSM with this review, the Court expressed concern as to whether these expenses were related to the Reform Case or were ordinary expenses of the PRPB.

- The Commonwealth and PRPB must have established, transparent procedures and guidelines in place to ensure all expenditures advance the Reform process.

- The overall manner in which funds are spent and accounted for in the Reform Case needs significant development. Nearly all

descriptions of expenditures were extremely vague and did not indicate how each expense was related to the Reform. It is critical that the Commonwealth and PRPB make clear how indicated expenses are associated with a specific part of the Reform. The products generated to document Reform related expenditures must follow generally accepted accounting principles and provide adequate detail illustrating a legitimate nexus to the Reform. This should include a prioritized spending plan created before the fiscal year commences which defines the needs of the Police Reform Case and a tentative outline for how the \$20,000,000 Reform budget will be spent. The OSM noted that this issue was in addition to PRPB failing to use all assigned Police Reform funds since the inception of this case and not even being able to locate Fiscal Year 2018 information as ordered by the Court.

- Active monitoring of budget expenditures is recommended to ensure PRPB is expediently receiving resources throughout the budget process. There have been instances of equipment and resources taking several months (and in some case years) to be placed into service due to delays in the Commonwealth's purchasing process.

- The OSM recommended that obligated funds be reviewed for the past three fiscal years to identify items and services not yet expended/disbursed, and that the Court should ensure that items

are expeditiously processed through the Commonwealth's purchasing process.

- After this initial cursory review, the OSM concurred with the Court's observation that the Commonwealth may have been attributing routine spending, unrelated to the case, to the Police Reform Case budget. Beyond the specific expenditures noted in the attachments, the OSM expressed grave concern about the overall poor management and accounting of the designated funds for the Reform Case. This review raised more questions and concerns than originally thought. The OSM again strenuously recommended that the Court immediately establish a forensic accounting position to provide critically needed audit oversight to ensure Reform funds are used in an appropriate and transparent way.

Accordingly, the Court orders as follows:

**No later than July 22, 2022** the parties and the Monitor will provide comments to the Court regarding the observations and recommendations of the OSM that are noted above, to include specifically addressing how the expenditures identified in the attachments are related to the Police Reform Case, and provide the Court with recommendations for future fiscal oversight.

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**IT IS SO ORDERED.**

San Juan, Puerto Rico, May 23, 2022.

s/ Francisco A. Besosa

FRANCISCO A. BESOSA

SENIOR UNITED STATES DISTRICT JUDGE